

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3907-01
Bill No.: HB 1530
Subject: Alcohol; Business and Commerce; Public Safety Department
Type: Original
Date: January 28, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$42,000	\$50,000	\$50,000
Total Estimated Net Effect on <u>All</u> State Funds	\$42,000	\$50,000	\$50,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Liquor Control (DLS)** assume this proposal would not generate any revenue for the state. DLS states however, that the civil penalties imposed pursuant to Section 311.680 are to be distributed pursuant to the provisions of Section 7 of Article IX of the Missouri Constitution (School Districts). DLS estimates it will impose \$50,000 annually in civil penalties against licensees. DLS estimates this will result in \$42,000 (10/12 months x \$50,000) in civil penalties in FY 2003.

DLS assumes the cost of implementing this proposal could be absorbed with existing resources.

Oversight assumes the fiscal impact to the local school districts would be a wash, with the increased collection of fines generated by the Supervisor of Liquor Control and the resulting reduction of the school foundation formula distribution from the state.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Public Safety's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 20 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 30 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$1,230, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

FISCAL IMPACT - State Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

GENERAL REVENUE

RS:LR:OD (12/00)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Savings</u> - Reduced Foundation Formula Distributions	<u>\$42,000</u>	<u>\$50,000</u>	<u>\$50,000</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$42,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
LOCAL SCHOOL DISTRICTS			
<u>Income</u> - Civil Penalties	\$42,000	\$50,000	\$50,000
<u>Loss</u> - Reduced Foundation Formula Distributions	<u>(\$42,000)</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>
ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal could impact solicitors, retailers, and wholesalers of alcoholic beverages.

DESCRIPTION

This proposal allows a wholesaler to give a retailer credit for intoxicating liquor with an alcohol content of less than 5% or 3.2% beer in a container with a capacity of four gallons or more that was delivered for a special event, if the wholesaler removes the product within seven days of the initial delivery.

The proposal also creates new penalties for violations of liquor control laws. The proposal allows the Supervisor of Liquor Control to assess the following in lieu of suspension or revocation of a liquor license:

DESCRIPTION (continued)

- (1) A civil penalty of not less than \$100 or more than \$5,000 against any solicitor licensed to sell liquor when in violation of any liquor laws;
- (2) A civil penalty of not less than \$50 or more than \$1,000 against any retailer with less than 5,000 occupant capacity when in violation of any liquor laws; and
- (3) A civil penalty of not less than \$50 or more than \$5,000 against any retailer with 5,000 or more occupant capacity when in violation of any liquor laws.

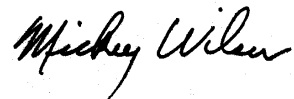
The supervisor must establish rules to identify which violations are eligible for civil penalty, the maximum amounts of the penalty, and conditions for which the penalties may be reduced.

The proposal also requires the supervisor (or his or her designee) to meet with a licensee prior to issuing any order of warning, probation, revocation, suspension, or fine in order to bring early resolution of disputes. The supervisor must provide the licensee a written description of the specific conduct for which discipline is sought and all documents related to the violation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety, Liquor Control
Secretary of State's Office



Mickey Wilson, CPA
Acting Director
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